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## **To: Pharmacy Providers, Physicians, and FQHC's**

### **Electronic Prior Authorization**

Effective May 15, 2006, the Alabama Medicaid Agency will implement another phase of drugs to the electronic prior authorization (PA) system. The drug classes included in this implementation phase are:

#### **Skin and Mucous Membrane Agents**

There will be no change in the way a pharmacist submits a claim. Medicaid's system will check claims history to determine if all PA medical requirements are met. If it is determined that all criteria are met and request is approved, the claim will pay and no manual PA request will be required. If approval cannot be determined based on available claims history, a manual PA request will be needed. Here is how it works:

#### Example A:

A pharmacist submits a claim for a Skin and Mucous Membrane Antibacterial Agent. The patient has tried and failed on two prior therapies that were billed and paid by Medicaid in the appropriate timeframe and has had a medical claim filed with an appropriate diagnosis. The system will identify these claims and match them with the clinical criteria. If all criteria are met, as in this example, the claim will pay automatically and no manual PA will need to be obtained.

#### Example B:

A pharmacist submits a claim for a Skin and Mucous Membrane Antifungal Agent. The patient has tried and failed on two prior therapies that were billed and paid by Medicaid but the quantity is over the maximum unit allowed for the drug. The system will send an "On-Line PA Denied" message to the pharmacist. The pharmacy/physician must then initiate a manual PA request so that medical justification can be provided for the requested quantity. An online PA denial does not mean that the service requested is considered a non-covered service; only non-covered services can be charged to the recipient. To determine if a service that has received an online PA denial is covered, a manual PA request must be completed. Only after the manual PA request is denied, can the pharmacist charge the recipient.

Some possible reasons for an electronic denial:

1. Patient does not meet clinical criteria based on available claims history
2. Units dispensed are over 100% of the maximum quantity limits
3. Previous PA issued and still in effect with a different NDC
4. Recipient is a new Medicaid eligible and no claims history exists

Providers are encouraged to utilize Medicaid's new online PA system. This electronic form can be accessed by visiting the following website address: <http://www.hidmedicaid.com/terms.html>. Please direct policy questions to the Medicaid office at (334) 242-5050. Questions concerning prior authorization denials/approvals should be directed to Health Information Designs, Inc. at 1-800-748-0130.

May 01, 2006